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THE MAGAZINE FOR GROWING COMPANIES

Inc.

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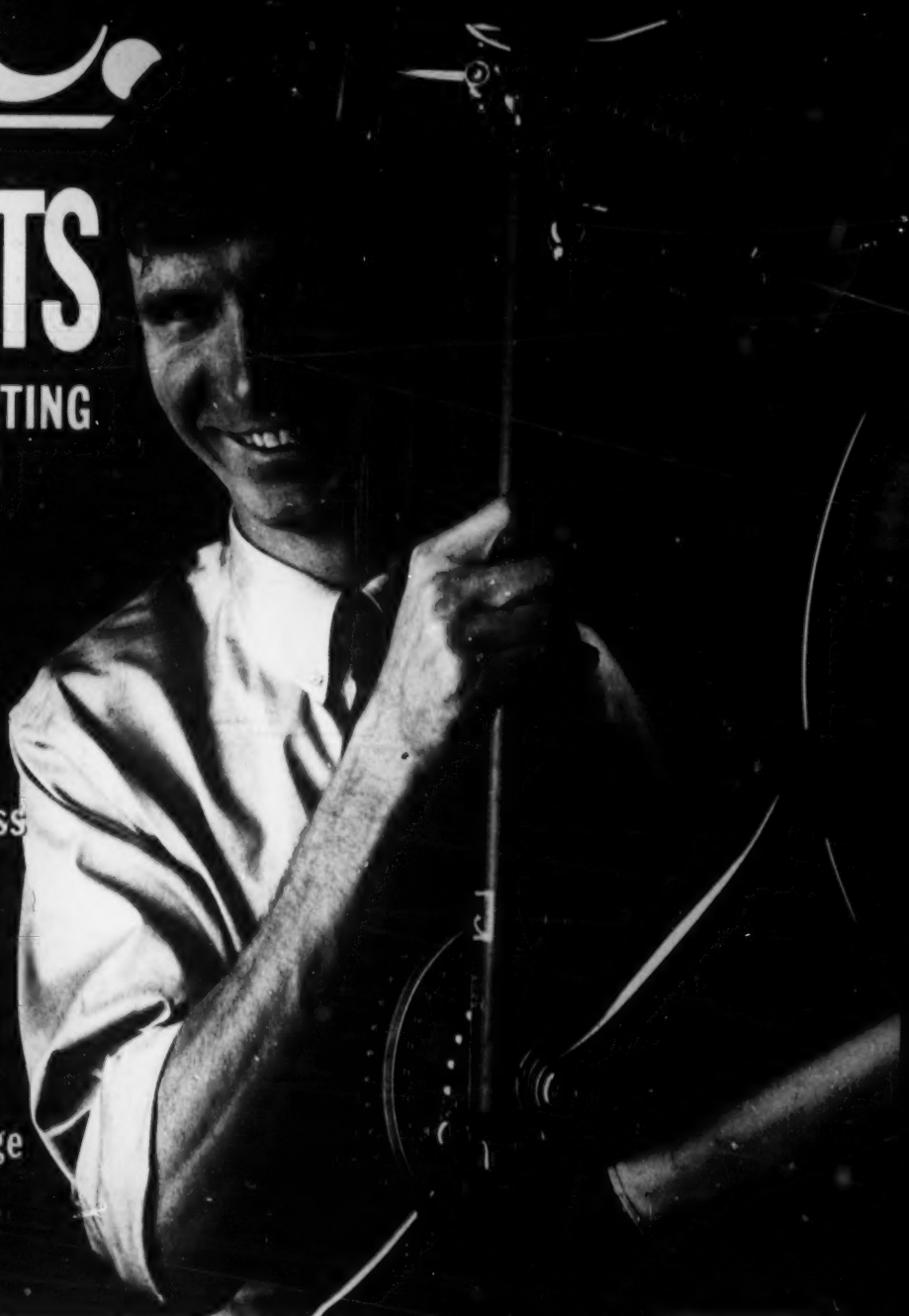
HOT STARTS

1989's MOST INTERESTING NEW BUSINESSES



MARKETING
How to test-market for fun and profit
SEE PAGE 153

CAPITAL
Valuing a service business
SEE PAGE 157

OFFICE TECHNOLOGY
What to look for in a portable computer
SEE PAGE 165

MANAGING PEOPLE
Taming the labor shortage
SEE PAGE 168

The Partnership Principle:
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CONTENTS

FEATURES

32 FACE-TO-FACE
A Gathering of Entrepreneurs
How Chris Whittle has used an innovative approach to partnership to build one of the hottest media companies around

57 **The Year in Start-ups** *BY LESLIE BROKAW, JAY FINEGAN, & JOSHUA HYATT*
A survey of some of America's most interesting new companies

80 MARKETING
Strange Fruits *BY ERIK LARSON*
How Frieda's Finest established a brand name in an industry that had never had one

94 **Identity Crisis** *BY EDWARD O. WELLES*
The mortal struggle between two young companies for control of a revolutionary technology

109 **Bankers' Suits** *BY JAY FINEGAN*
Small companies victimized by their lenders are fighting back

118 ANATOMY OF A START-UP
So You Wanna Be in Pictures *BY TOM RICHMAN*
Filmstar Inc. is out to free Hollywood producers from the studios' stranglehold. But will producers take the risk?

COLUMNS

27 **The New Economy:** The Economic Microscope. *BY JOHN CASE*
Before you make plans based on megatrends, you'd be wise to take a closer look at the local economy

30 **Policy:** A New Black Dream. *BY JOEL KOTKIN*
It's self-sufficiency, not help from the government

153 **Marketing:** The Company Store. *BY PAUL B. BROWN*
How to test market for fun and profit

157 **Capital:** Locking Up Good Value. *BY ELLYN E. SPRAGINS*
You may use more gut feeling in valuing a service business, but the numbers get crunched just the same

161 **Finance:** Taking Stock. *BY JILL ANDRESKY FRASER*
FIFO, LIFO—does it matter? You bet it does, especially in inflationary times

165 **Office Technology:** Carry-ons. *BY CARY LU*
What to look for in a portable computer

168 **Managing People:** Taming the Labor Shortage. *BY BRUCE G. POSNER*
How to attract low-skill employees in a tight market

175 **Executive Software:** Decisions, Decisions. *BY PAUL A. STRASSMANN*
Decision-analysis software can save you time and is particularly valuable for improving teamwork

DEPARTMENTS

11 **Letters:** Readers write about family money, the quality imperative, and the trials of Robert Ronstadt; Focus on coping with inherited wealth

16 **Network:** Readers look for advice—and get it

22 **Insider:** A different kind of penny stock; Spiderman, the entrepreneur; Hotline; New Businesses

148 **Hands On:** Tips on recruiting, supplier relations, sales, marketing, and managing people

196 **Investing in Growth Companies/Street Talk:** Waiting for the next crash

INC. COVER STORY

57 Joanne Marlow
Making it through the start-up phase

32 Chris Whittle
Building a company with partnerships

80 Frieda Caplan
Getting America to try something new

COVER PHOTOGRAPH
by
Walter Bibikow

HANDS ON

A Manager's Notebook

MANAGING PEOPLE

IN THE CARDS

Looking to decrease accidents and the number of days your employees call in sick? How about a nice game of cards? Scott Pilato and Andy Juster, cofounders of Sunny Waterbeds & Accessories, in Orlando, let workers pick a card from a poker deck if they had perfect attendance and no time lost due to accidents during the preceding five workdays.

After seven weeks the value of the cards is tallied (face cards count as 10 points). The two people with the highest and lowest totals split the pot, which starts at $200 and increases by $100 for each seven-week period all 45 employees go without an accident.

"We started this a year ago after the state increased our workers' compensation by 29%, because of our high accident rate," says Pilato. "Basically, we take the money we were paying in medical bills and put it in the pot. But the program has been so effective that our workers' comp will be $2,000 less next year. Employees are more careful, and they remind each other to be more careful, so the size of the pot keeps increasing." ❑

EMPLOYEE MOTIVATION

NAMING NAMES

Production workers can often feel anonymous and underappreciated, especially since they usually don't have their own offices. "It's crucial to break through that barrier," says Chet Giermak, CEO of Eriez Magnetics, a $50-million manufacturer of magnetic laboratory equipment in Erie, Pa. "It's important that they understand that we need them."

That's why his factory has nameplates in its work areas. Each employee's name is engraved into a 4-by-30-inch slat, with the job description preceded by the word "sales"—as in sales/welding, or sales/machine shop—to reinforce the message that they play a key role in the company's growth. "I have a nameplate on my desk," says Giermak. "And these people are every bit as important to the company as I am.

"People like to see their names up there," adds Giermak. "Everybody wants to feel needed and useful." ❑

ABUSE What businesses are doing about employee substance abuse

Of the companies taking any action:

60%	Provide internal counseling
58%	Require entry in rehabilitation program
51%	Fire the employee
43%	Grant a leave of absence

Source: Jackson, Lewis, Schnitzler & Krupman survey of 1,014 employment-law symposia attendees, 1989

CORPORATE IDENTITY

FORGO THE LOGO

Forget bulls and doughboys—what do you have as your corporate logo? If you answered "nothing," you may be better off, says Bill Drenttel. His company, Drenttel Doyle Partners, is a New York City advertising and design agency that develops corporate identities and logos. Growing companies shouldn't waste a lot of time trying to create a symbol they can call their own, he says. "As more and more big companies go about creating—or recreating—their logos, you're bound to get lost in the clutter," Drenttel adds. "Your best bet is to let your product's name stand for your company." It works for companies from Oshkosh and Smuckers to Marriott. ❑

RESOURCES

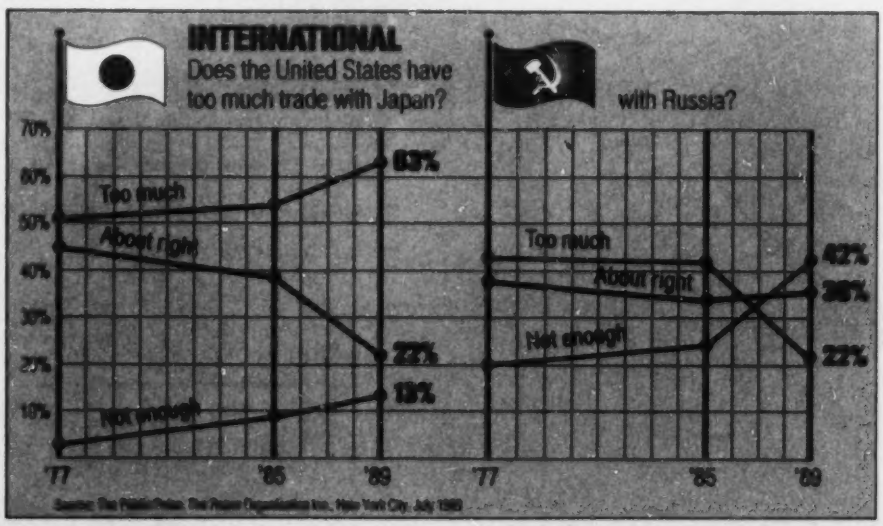
PAPER NICHE

Did you ever wonder why more businesses don't use recycled-paper products? Today there are high-quality recycled variations of most office paper products. Unfortunately, distribution has been spotty at best.

To the rescue come two full-service recycled-paper merchants: Conservatree Paper Co., which sells mostly to government offices and midsize and large companies; and Earth Care Paper Inc., which caters to small businesses and consumers. Each carries more than 250 paper products, including xerographic paper. Conservatree even offers glossy, four-color printing paper. Shipping charges vary.

Not only is the quality of the products comparable to conventional paper, so is the price. "Higher price for recycled paper is somewhat of a myth," claims Alan Davis, president of Conservatree, a three-time INC. 500 company. Only during times of exceptional demand do recycled prices exceed by 10% the price of virgin counterparts.

For catalogs, write: Earth Care Paper, P.O. Box 3335, Madison WI 53704; Conservatree, 10 Lombard St., Suite 250, San Francisco CA 94111. ❑



CHARTS: CYNTHIA DAVIS

HANDS ON

FAMILY BUSINESS

AN INSIDER'S GUIDE TO HARMONY

When it comes to the delicate matters of family business—like turning a niece or nephew down for a job—typical company rule books don't offer much solace. But J. W. Kisling, CEO of Multiplex Co., a Ballwin, Mo., beverage-dispenser manufacturer with more than 200 employees, rests easy knowing that the family consensus statement is on relatives' desks at the office.

The document isn't legally binding, but it does answer commonly asked questions about executive and director qualifications, pay scales, retirement ages, and employment opportunities before they get to Kisling's office. Thanks to the inclusion of some entertaining family history, the consensus statement has enjoyed a friendly reception.

While a few of the 22 family stockholders refused to sign off on the first draft, the objections raised were easily remedied. Has it been used? "To my great surprise, nieces and nephews can cite it. It was definitely worth the trouble," says Kisling. ❑

MARKETING

PROMOTE VALUE

Giving discounts or including a free gift with a purchase is a sure way to increase sales—but only if the deal is worth what you say it is. "Nothing turns off the consumer faster than saying you are giving them a $9.95 value, when they know they can go down to K mart and buy the same thing for $5," says Clifford Medney, director of sales promotion for A&W Brands Inc.

But you don't have to spend full price to give someone a true bargain. A&W, for example, purchases thousands of teddy bears in the Far East, knowing similar bears retail for $25. By going directly to the manufacturer, A&W can pass its discount on to customers. A&W is happy because the $9.95 that consumers pay for the A&W Great Root Bear covers expenses. Consumers are happy because they save more than 60%. ❑

COMMUNICATIONS

BRINGING EMPLOYEES TOGETHER

If your business has many branches or locations and is growing at a rapid pace, how can you possibly manage to communicate with all of your employees? Try publishing a booklet that highlights the events of the meetings held at every company branch and location and distributing it to all employees.

Once each quarter several executives of Staples Inc., a $120-million discount office-supply chain based in Newton, Mass., meet with employees at each of the company's 34 stores. They talk about the company's performance and the priorities for the months ahead, pick one problem area, and solicit suggestions.

Employees also get a chance to ask questions and raise any other issues of concern. A month later Staples distributes to all its employees a booklet featuring answers to the most commonly asked questions at each meeting, as well as additional company news and information.

"The meetings make people feel that management is interested in them and in the best ways to do things," says Todd Krasnow, vice-president of marketing. The booklet ensures that everyone at all of the company's branches gets to share in that employee wisdom. ❑

RECRUITING

GOING TO THE CHAPEL

Ronald Sandmeyer, CEO of Sandmeyer Steel Co., a 160-employee stainless-steel processor in Philadelphia, was finding it harder and harder to locate qualified employees to work in his plant, until he turned to a higher authority—his local churches. "Generally speaking, people with a sense of religion have close family ties and a strong code of ethics, and that's two positives there," says Sandmeyer.

Since beginning the practice last fall, Sandmeyer has hired every one of the 10 people local ministers have sent his way. He's so thrilled with the results that he's formed a network of three local churches. "The ministers sift out the best candidates," he observes. "They don't send loafers or drifters, just solid citizens." ❑

GOING PUBLIC

What's the most challenging aspect of an IPO?

PRE-OFFERING CHALLENGES	CEO	CFO
Controlling IPO expenses	90%	80%
Market conditions	85%	90%
Registration-statement preparation	85%	89%
POST-OFFERING CHALLENGES	**CEO**	**CFO**
Investor communications	90%	73%
Proxy solicitation for annual meeting	70%	61%
Public disclosures	65%	58%

Source: "The Class of 1988," survey of 23 CEOs and 46 CFOs of newly public companies, Carter Vatin Pollen, New York City, 1989

SUPPLIER RELATIONS

QUALITY BOUNCES BACK

It's hard to keep employees motivated, much less a vast network of suppliers. But Harold Plumley, founder of a $70-million industrial-rubber manufacturer, has a solution: a dose of old-fashioned competition.

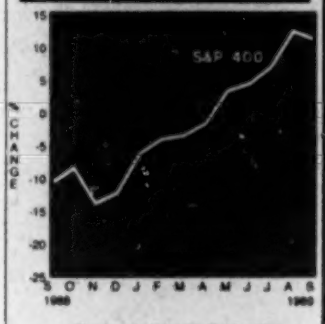
Every May since 1983 Plumley has invited the top 40 suppliers of Plumley Cos. to a state park in Tennessee for a two-day extravaganza that costs the company $20,000. It features a banquet, golf tournament, magic show, and most important, an awards ceremony. Four prizes are given for outstanding achievement in quality, cost, technology, and market support. "We explain exactly why these suppliers are winners, hoping the others will shoot for those goals next year," says Plumley. His hopes just may have come true. Returns to suppliers have dropped almost 2%, and quality improvements have lowered production waste by another 2%. ❑

HANDS ON (continued)

Reported by Paul B. Brown, John Case, Elizabeth Conlin, Joshua Hyatt, Teri Lammers, and Martha E. Mangelsdorf

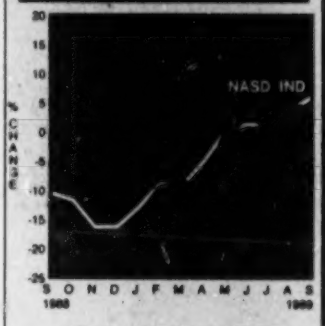
INVESTING IN GROWTH COMPANIES

INC. vs. CONSERVATIVE AVERAGES



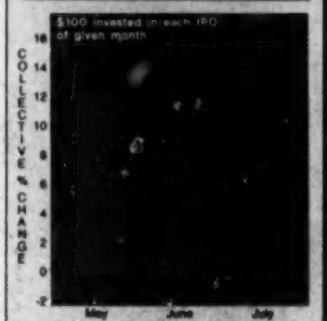
All averages start at 0 in October 1987.

INC. vs. SPECULATIVE AVERAGES



All averages start at 0 in October 1987.

IPOs IN THE AFTERMARKET



INITIAL PUBLIC OFFERINGS: AUGUST 1989

O-T-C sym.	Company	Business/product	Offering Size ($mil.)	Offering Price	First aftermarket bid	Underwriter
AWT[a]	Air & Water Technologies	Provides environmental-treatment svcs.	68.00	17.00	17¾	Kidder Peabody
ASFN	Allstate Financial	Provides financial svcs.	6.18	6.50	6⅝	Josephthal
BZMT	Bizmart	Retails discount office supplies	34.00	10.00	9⅛	Alex. Brown
CHT[b]	Chart House Enterprises	Operates restaurant chain	40.50	13.50	14⅛	First Boston
COFI	Charter One Financial	Bank holding co.	15.57	16.63	17	Merrill Lynch
GEG[b]	Grace Energy	Energy exploration	66.20	22.00	22¼	Merrill Lynch
TABI	Image Bank	Stock-photo agency	10.73	8.25	8¼	Rosenkrantz
NEOG	Neogen	Agricultural biotechnology	6.00	5.00	5	Roney & Co.
NIIS	New Image Industries	Computer imaging	6.50	6.50	9⅛	H. J. Meyers
OPOAU	Office Products of America	Retails discount office supplies	8.00	5.00[c]	5½	D. H. Blair
OGN[b]	Ogden Projects	Operates waste-to-energy facilities	35.00	14.00	16⅜	Merrill Lynch
PXLS	Phoenix Laser Systems	Mfrs. medical lasers	3.00	6.00[d]	8¼	Thomas James
PNFI	Pinnacle Financial Services	Thrift holding co.	6.90	34.50	36½	Roney & Co.
SMRU	Scientific Imaging Instruments	Diagnostic-imaging systs.	2.40	3.00[e]	4⅛	Fahnestock
STEC	Serv-Tech	Provides specialty maintenance svcs.	18.90	13.00	18	Alex. Brown
SBF	Southeastern Savings Institutions Fund	Closed-end fund	24.00	12.00	12	Interstate
SRSI	Specialty Retail Services	Distr. cosmetics	2.90	2.00	2 11/16	Werbel Roth

Initial public offerings sold at $1 or less not included. First aftermarket bid is approximate. [a] trading on AMEX, [b] trading on NYSE, [c] units of 3 common + 3 warrants, [d] units of 6 commn + 3 warrants, [e] units of 1 common + 1 warrant. Co...ering data source: *Going Public: The IPO Reporter*, a publication of The Dealer's Digest Inc., 150 Broadway, New York NY 10038

STREET TALK Nicely recovered from the Crash of '87, the charts on this page look the picture of health. But they could be accidents waiting to happen—again. What also have recovered their pre-Crash status are computer programs, now widely considered the runway fuel of the meltdown. The number and variety of stock indexes tied to automated trading has swelled well beyond the workhorse S&P Index, which involves 500 popular stocks, and the Major Market Index, which includes 17 of the 30 Dow Industrials. Today there are baskets made up exclusively of, for example, speculative stocks or semiconductors. Such programs can be manipulated on considerably less down payment than the SEC requires of conventional trading, and constitute a good piece of change for the major exchanges. No wonder they've yet to institute effective safeguards against public rape by computer. *—Robert A. Mamis*

CHARTS: MEDIA POWER

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